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SECURITIES AND EXCHANGE COMMISSION  
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11 UNITED STATES DISTRICT COURT  
12 NORTHERN DISTRICT OF CALIFORNIA  
13 SAN FRANCISCO DIVISION

14 SECURITIES AND EXCHANGE COMMISSION,

15 Plaintiff,

16 v.

17 JOHN V. BIVONA; SADDLE RIVER  
18 ADVISORS, LLC; SRA MANAGEMENT  
ASSOCIATES, LLC; FRANK GREGORY  
19 MAZZOLA,

20 Defendants, and

21 SRA I LLC; SRA II LLC; SRA III LLC;  
22 FELIX INVESTMENTS, LLC; MICHELE  
J. MAZZOLA; ANNE BIVONA; CLEAR  
23 SAILING GROUP IV LLC; CLEAR  
SAILING GROUP V LLC,

24 Relief Defendants.  
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Case No. 3:16-cv-01386-EMC (JCS)

**CONSENT OF DEFENDANT SADDLE  
RIVER ADVISORS, LLC TO ENTRY OF  
FINAL JUDGMENT**

Date: NA  
Time: NA  
Courtroom: 5 (Seventeenth Floor)  
Judge: Edward M. Chen

**CONSENT OF SADDLE RIVER ADVISORS, LLC TO FINAL JUDGMENT**

1  
2 1. Defendant Saddle River Advisors, LLC, (“SRA” or “Defendant”) acknowledges  
3 having been served with the complaint in this action, enters a general appearance, and admits the  
4 Court’s jurisdiction over Defendant and over the subject matter of this action.

5 2. Without admitting or denying the allegations of the complaint (except as provided  
6 herein in paragraph 10 and except as to personal and subject matter jurisdiction, which Defendant  
7 admits), Defendant hereby consents to the entry of the final judgment in the form attached hereto (the  
8 “Final Judgment”) and incorporated by reference herein, which, among other things:

9 (a) permanently restrains and enjoins Defendant from violation of Section 10(b) of  
10 the Securities Exchange Act of 1934 (“Exchange Act”), 15 U.S.C. § 78j(b),  
11 and Rule 10b-5 thereunder, 17 C.F.R. § 240.10b-5; Section 17(a) of the  
12 Securities Act of 1933 (“Securities Act”), 15 U.S.C. § 77q(a); Section 5 of the  
13 Securities Act, 15 U.S.C. § 77e; Sections 206(1), (2) and (4) of the Investment  
14 Advisers Act of 1940 (“Advisers Act”), 15 U.S.C. §§ 80b-6(1), (2) & (4), and  
15 Rule 206(4)-8 thereunder, 17 C.F.R. 275.206(4)-8; Section 203(f) of the  
16 Advisers Act [15 U.S.C. § 80b-3(f)]; and Section 15(a) of the Exchange Act  
17 [15 U.S.C. § 78o(a)];

18 (b) permanently restrains and enjoins Defendant from directly or indirectly  
19 soliciting any person or entity to purchase or sell any security or security-based  
20 swap; and

21 (c) orders Defendant to pay disgorgement in the amount of \$44,870,455.  
22 Defendant’s disgorgement is joint and several with Defendant SRA  
23 Management Associates, LLC, and Relief Defendants SRA I, LLC, SRA II,  
24 LLC, SRA III, LLC, Clear Sailing Group IV, LLC, and Clear Sailing Group V,  
25 LLC.

26 3. Defendant waives the entry of findings of fact and conclusions of law pursuant to Rule  
27 52 of the Federal Rules of Civil Procedure.

1           4.       Defendant waives the right, if any, to a jury trial and to appeal from the entry of the  
2 Final Judgment.

3           5.       Defendant enters into this Consent voluntarily and represents that no threats, offers,  
4 promises, or inducements of any kind have been made by the Commission or any member, officer,  
5 employee, agent, or representative of the Commission to induce Defendant to enter into this Consent.

6           6.       Defendant agrees that this Consent shall be incorporated into the Final Judgment with  
7 the same force and effect as if fully set forth therein.

8           7.       Defendant will not oppose the enforcement of the Final Judgment on the ground, if  
9 any exists, that it fails to comply with Rule 65(d) of the Federal Rules of Civil Procedure, and hereby  
10 waives any objection based thereon.

11           8.       Defendant waives service of the Final Judgment and agrees that entry of the Final  
12 Judgment by the Court and filing with the Clerk of the Court will constitute notice to Defendant of its  
13 terms and conditions. Defendant further agrees to provide counsel for the Commission, within thirty  
14 days after the Final Judgment is filed with the Clerk of the Court, with an affidavit or declaration  
15 stating that Defendant has received and read a copy of the Final Judgment.

16           9.       Consistent with 17 C.F.R. 202.5(f), this Consent resolves only the claims asserted  
17 against Defendant in this civil proceeding. Defendant acknowledges that no promise or  
18 representation has been made by the Commission or any member, officer, employee, agent, or  
19 representative of the Commission with regard to any criminal liability that may have arisen or may  
20 arise from the facts underlying this action or immunity from any such criminal liability. Defendant  
21 waives any claim of Double Jeopardy based upon the settlement of this proceeding, including the  
22 imposition of any remedy or civil penalty herein. Defendant further acknowledges that the Court's  
23 entry of a permanent injunction may have collateral consequences under federal or state law and the  
24 rules and regulations of self-regulatory organizations, licensing boards, and other regulatory  
25 organizations. Such collateral consequences include, but are not limited to, a statutory  
26 disqualification with respect to membership or participation in, or association with a member of, a  
27 self-regulatory organization. This statutory disqualification has consequences that are separate from  
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1 any sanction imposed in an administrative proceeding. In addition, in any disciplinary proceeding  
2 before the Commission based on the entry of the injunction in this action, Defendant understands that  
3 it shall not be permitted to contest the factual allegations of the complaint in this action.

4 10. Defendant understands and agrees to comply with the terms of 17 C.F.R. § 202.5(e),  
5 which provides in part that it is the Commission's policy "not to permit a defendant or respondent to  
6 consent to a judgment or order that imposes a sanction while denying the allegations in the complaint  
7 or order for proceedings," and "a refusal to admit the allegations is equivalent to a denial, unless the  
8 defendant or respondent states that he neither admits nor denies the allegations." As part of  
9 Defendant's agreement to comply with the terms of Section 202.5(e), Defendant: (i) will not take any  
10 action or make or permit to be made any public statement denying, directly or indirectly, any  
11 allegation in the complaint or creating the impression that the complaint is without factual basis; (ii)  
12 will not make or permit to be made any public statement to the effect that Defendant does not admit  
13 the allegations of the complaint, or that this Consent contains no admission of the allegations, without  
14 also stating that Defendant does not deny the allegations; (iii) upon the filing of this Consent,  
15 Defendant hereby withdraws any papers filed in this action to the extent that they deny any allegation  
16 in the complaint; and (iv) stipulates solely for purposes of exceptions to discharge set forth in Section  
17 523 of the Bankruptcy Code, 11 U.S.C. § 523, that the allegations in the complaint are true, and  
18 further, that any debt for disgorgement, prejudgment interest, civil penalty or other amounts due by  
19 Defendant under the Final Judgment or any other judgment, order, consent order, decree or settlement  
20 agreement entered in this proceeding, is a debt for the violation of the federal securities laws by  
21 Defendant or any regulation or order issued under such laws, as set forth in Section 523(a)(19) of the  
22 Bankruptcy Code, 11 U.S.C. § 523(a)(19). If Defendant breaches this agreement, the Commission  
23 may petition the Court to vacate the Final Judgment and restore this action to its active docket.  
24 Nothing in this paragraph affects Defendant's: (i) testimonial obligations; or (ii) right to take legal or  
25 factual positions in litigation or other legal proceedings in which the Commission is not a party.

26 11. Defendant hereby waives any rights under the Equal Access to Justice Act, the Small  
27 Business Regulatory Enforcement Fairness Act of 1996, or any other provision of law to seek from  
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1 the United States, or any agency, or any official of the United States acting in his or her official  
 2 capacity, directly or indirectly, reimbursement of attorney's fees or other fees, expenses, or costs  
 3 expended by Defendant to defend against this action. For these purposes, Defendant agrees that  
 4 Defendant is not the prevailing party in this action since the parties have reached a good faith  
 5 settlement.

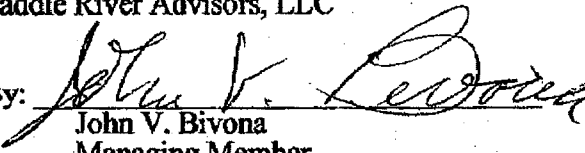
6 12. Defendant agrees that the Commission may present the Final Judgment to the Court  
 7 for signature and entry without further notice.

8 13. Defendant agrees that this Court shall retain jurisdiction over this matter for the  
 9 purpose of enforcing the terms of the Final Judgment.

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Dated: November 15, 2017

Saddle River Advisors, LLC

By:   
 John V. Bivona  
 Managing Member

1 JINA L. CHOI (N.Y. Bar No. 2699718)  
JOHN S. YUN (Cal. Bar No. 112260)  
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MARC D. KATZ (Cal. Bar No. 189534)  
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JESSICA W. CHAN (Cal. Bar No. 247669)  
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5 Attorneys for Plaintiff  
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10  
11 UNITED STATES DISTRICT COURT  
12 NORTHERN DISTRICT OF CALIFORNIA  
13 SAN FRANCISCO DIVISION

14 SECURITIES AND EXCHANGE COMMISSION,

Case No. 3:16-cv-01386-EMC

15 Plaintiff,

**[PROPOSED] FINAL JUDGMENT OF  
PERMANENT INJUNCTIONS AND  
OTHER EQUITABLE RELIEF AGAINST  
DEFENDANT SADDLE RIVER ADVISORS,  
LLC**

16 v.

17 JOHN V. BIVONA; SADDLE RIVER  
18 ADVISORS, LLC; SRA MANAGEMENT  
ASSOCIATES, LLC; FRANK GREGORY  
19 MAZZOLA,

20 Defendants, and

21 SRA I LLC; SRA II LLC; SRA III LLC;  
22 FELIX INVESTMENTS, LLC; MICHELE  
J. MAZZOLA; ANNE BIVONA; CLEAR  
23 SAILING GROUP IV LLC; CLEAR  
SAILING GROUP V LLC,

24 Relief Defendants.  
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1 The Securities and Exchange Commission having filed a Complaint and Defendant Saddle  
2 River Advisors, LLC, (“SRA” or “Defendant”) having entered a general appearance; consented to the  
3 Court’s jurisdiction over Defendant and the subject matter of this action; consented to entry of this  
4 Final Judgment without admitting or denying the allegations of the Complaint (except as to  
5 jurisdiction); waived findings of fact and conclusions of law; and waived any right to appeal from  
6 this Final Judgment:

7 I.

8 IT IS HEREBY ORDERED, ADJUDGED, AND DECREED that Defendant is permanently  
9 restrained and enjoined from violating, directly or indirectly, Section 10(b) of the Securities  
10 Exchange Act of 1934 (the “Exchange Act”) [15 U.S.C. § 78j(b)] and Rule 10b-5 promulgated  
11 thereunder [17 C.F.R. § 240.10b-5], by using any means or instrumentality of interstate commerce, or  
12 of the mails, or of any facility of any national securities exchange, in connection with the purchase or  
13 sale of any security:

- 14 (a) to employ any device, scheme, or artifice to defraud;
- 15 (b) to make any untrue statement of a material fact or to omit to state a material fact  
16 necessary in order to make the statements made, in the light of the circumstances  
17 under which they were made, not misleading; or
- 18 (c) to engage in any act, practice, or course of business which operates or would  
19 operate as a fraud or deceit upon any person.

20 IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that, as provided in Federal  
21 Rule of Civil Procedure 65(d)(2), the foregoing paragraph also binds the following who receive  
22 actual notice of this Final Judgment by personal service or otherwise: (a) Defendant’s officers,  
23 agents, servants, employees, and attorneys; and (b) other persons in active concert or participation  
24 with Defendant or with anyone described in (a).

25 II.

26 IT IS HEREBY FURTHER ORDERED, ADJUDGED, AND DECREED that Defendant is  
27 permanently restrained and enjoined from violating Section 17(a) of the Securities Act of 1933 (the  
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1 “Securities Act”) [15 U.S.C. § 77q(a)] in the offer or sale of any security by the use of any means or  
2 instruments of transportation or communication in interstate commerce or by use of the mails,  
3 directly or indirectly:

4 (a) to employ any device, scheme, or artifice to defraud;

5 (b) to obtain money or property by means of any untrue statement of a material fact or  
6 any omission of a material fact necessary in order to make the statements made, in light of  
7 the circumstances under which they were made, not misleading; or

8 (c) to engage in any transaction, practice, or course of business which operates or  
9 would operate as a fraud or deceit upon the purchaser.

10 IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that, as provided in Federal  
11 Rule of Civil Procedure 65(d)(2), the foregoing paragraph also binds the following who receive  
12 actual notice of this Final Judgment by personal service or otherwise: (a) Defendant’s officers,  
13 agents, servants, employees, and attorneys; and (b) other persons in active concert or participation  
14 with Defendant or with anyone described in (a).

15 III.

16 IT IS HEREBY FURTHER ORDERED, ADJUDGED, AND DECREED that Defendant is  
17 permanently restrained and enjoined from violating Section 5 of the Securities Act [15 U.S.C. § 77e]  
18 by, directly or indirectly, in the absence of any applicable exemption:

19 (a) Unless a registration statement is in effect as to a security, making use of any means or  
20 instruments of transportation or communication in interstate commerce or of the mails  
21 to sell such security through the use or medium of any prospectus or otherwise; or

22 (b) Making use of any means or instruments of transportation or communication in  
23 interstate commerce or of the mails to offer to sell or offer to buy through the use or  
24 medium of any prospectus or otherwise any security, unless a registration statement  
25 has been filed with the Commission as to such security, or while the registration  
26 statement is the subject of a refusal order or stop order or (prior to the effective date of  
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1 the registration statement) any public proceeding or examination under Section 8 of  
2 the Securities Act [15 U.S.C. § 77h].

3 IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that, as provided in Federal  
4 Rule of Civil Procedure 65(d)(2), the foregoing paragraph also binds the following who receive  
5 actual notice of this Final Judgment by personal service or otherwise: (a) Defendant's officers,  
6 agents, servants, employees, and attorneys; and (b) other persons in active concert or participation  
7 with Defendant or with anyone described in (a).

8 IV.

9 IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that Defendant is permanently  
10 restrained and enjoined from, violating Sections 206(1), (2) and (4) of the Investment Advisers Act of  
11 1940, 15 U.S.C. §§ 80b-6(1), (2) & (4), and Rule 206(4)-8 thereunder, 17 C.F.R. 275.206(4)-8, by,  
12 directly or indirectly, by the use of any means or instrumentality of interstate commerce

13 (a) employing any device, scheme, or artifice to defraud any client or prospective client;

14 (b) engaging in any transaction, practice or course of business which operates as a fraud  
15 or deceit upon any client or prospective client;

16 (c) engaging in any act, practice, or course of business which is fraudulent, deceptive, or  
17 manipulative; or

18 (d) while acting as an investment adviser to a pooled investment vehicle:

19 1. making any untrue statement of a material fact or omitting to state a material  
20 fact necessary to make the statements made, in the light of the circumstances under which they were  
21 made, not misleading, to any investor or prospective investor in the pooled investment vehicle; or

22 2. otherwise engaging in any act, practice, or course of business that is fraudulent,  
23 deceptive, or manipulative with respect to any investor or prospective investor in the pooled  
24 investment vehicle.

25 IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that, as provided in Federal  
26 Rule of Civil Procedure 65(d)(2), the foregoing paragraph also binds the following who receive  
27 actual notice of this Final Judgment by personal service or otherwise: (a) Defendant's officers,  
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1 agents, servants, employees, and attorneys; and (b) other persons in active concert or participation  
2 with Defendant or with anyone described in (a).

3 V.

4 IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that Defendant is permanently  
5 restrained and enjoined from directly or indirectly violating Section 203(f) of the Advisers Act [15  
6 U.S.C. § 80b-3(f)] by, while acting as an investment adviser, permitting any person as to whom an  
7 order issued by the Commission suspending or barring that person from being associated with an  
8 investment adviser to become, or remain, a person associated with it without the consent of the  
9 Commission if Defendant knew, or in the exercise of reasonable care, should have known, of the bar  
10 or suspension order.

11 IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that, as provided in Federal  
12 Rule of Civil Procedure 65(d)(2), the foregoing paragraph also binds the following who receive  
13 actual notice of this Final Judgment by personal service or otherwise: (a) Defendant's officers,  
14 agents, servants, employees, and attorneys; and (b) other persons in active concert or participation  
15 with Defendant or with anyone described in (a).

16 VI.

17 IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that Defendant is permanently  
18 restrained and enjoined from directly or indirectly violating Section 15(a) of the Exchange Act [15  
19 U.S.C. § 78o(a)] by, while acting as a broker or dealer, effecting transactions in and inducing and  
20 attempting to induce the purchase or sale of securities when they are not registered with the  
21 Commission as a broker or dealer or associated with an entity registered with the Commission as a  
22 broker or dealer.

23 IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that, as provided in Federal  
24 Rule of Civil Procedure 65(d)(2), the foregoing paragraph also binds the following who receive  
25 actual notice of this Final Judgment by personal service or otherwise: (a) Defendant's officers,  
26 agents, servants, employees, and attorneys; and (b) other persons in active concert or participation  
27 with Defendant or with anyone described in (a).

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VII.

IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that Defendant is permanently restrained and enjoined from directly or indirectly soliciting any person or entity to purchase or sell any security or security-based swap.

IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that, as provided in Federal Rule of Civil Procedure 65(d)(2), the foregoing paragraph also binds the following who receive actual notice of this Final Judgment by personal service or otherwise: (a) Defendant’s officers, agents, servants, employees, and attorneys; and (b) other persons in active concert or participation with Defendant or with anyone described in (a).

VIII.

IT IS HEREBY FURTHER ORDERED, ADJUDGED, AND DECREED that Defendant is liable for disgorgement of \$44,870,455, representing profits gained as a result of the conduct alleged in the Complaint. This disgorgement obligation shall be joint and several with Defendant SRA Management Associates, LLC, and Relief Defendants SRA I, LLC, SRA II, LLC, SRA III, LLC, Clear Sailing Group IV, LLC, and Clear Sailing Group V, LLC. Defendant shall satisfy this obligation by paying \$44,870,455, within thirty calendar days from the entry of this Final Judgment, by check, United States Postal money order, or electronic payment, to the Receiver, Sherwood Partners, Inc. The Receiver shall hold the disgorgement amounts in a separately identified account, pending further orders by the Court.

Defendant shall simultaneously transmit photocopies of evidence of payment and case identifying information to the Commission’s counsel in this action. By making this payment, Defendant relinquishes all legal and equitable right, title, and interest in such funds and no part of the funds shall be returned to Defendant.

The Commission may enforce the Court’s judgment for disgorgement and prejudgment interest by moving for civil contempt (and/or through other collection procedures authorized by law)

1 at any time after thirty days following entry of this Final Judgment. Defendant shall pay post  
2 judgment interest on any delinquent amounts pursuant to 28 U.S.C. § 1961.

3 IX.

4 IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that the Consent is  
5 incorporated herein with the same force and effect as if fully set forth herein, and that Defendant shall  
6 comply with all of the undertakings and agreements set forth therein.

7 X.

8 IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that this Court shall retain  
9 jurisdiction of this matter for the purposes of enforcing the terms of this Final Judgment.

10  
11 IT IS SO ORDERED

12  
13 Dated: \_\_\_\_\_, 2017

\_\_\_\_\_  
14 JUDGE EDWARD M. CHEN  
United States District Court

1 JINA L. CHOI (N.Y. Bar No. 2699718)  
JOHN S. YUN (Cal. Bar No. 112260)  
2 yunj@sec.gov  
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11 UNITED STATES DISTRICT COURT  
12 NORTHERN DISTRICT OF CALIFORNIA  
13 SAN FRANCISCO DIVISION

14 SECURITIES AND EXCHANGE COMMISSION,

Case No. 3:16-cv-01386-EMC

15 Plaintiff,

**[PROPOSED] FINAL JUDGMENT OF  
PERMANENT INJUNCTIONS AND  
OTHER EQUITABLE RELIEF AGAINST  
DEFENDANT SADDLE RIVER ADVISORS,  
LLC**

16 v.

17 JOHN V. BIVONA; SADDLE RIVER  
18 ADVISORS, LLC; SRA MANAGEMENT  
ASSOCIATES, LLC; FRANK GREGORY  
19 MAZZOLA,

20 Defendants, and

21 SRA I LLC; SRA II LLC; SRA III LLC;  
22 FELIX INVESTMENTS, LLC; MICHELE  
J. MAZZOLA; ANNE BIVONA; CLEAR  
23 SAILING GROUP IV LLC; CLEAR  
SAILING GROUP V LLC,

24 Relief Defendants.  
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1 The Securities and Exchange Commission having filed a Complaint and Defendant Saddle  
2 River Advisors, LLC, (“SRA” or “Defendant”) having entered a general appearance; consented to the  
3 Court’s jurisdiction over Defendant and the subject matter of this action; consented to entry of this  
4 Final Judgment without admitting or denying the allegations of the Complaint (except as to  
5 jurisdiction); waived findings of fact and conclusions of law; and waived any right to appeal from  
6 this Final Judgment:

7 I.

8 IT IS HEREBY ORDERED, ADJUDGED, AND DECREED that Defendant is permanently  
9 restrained and enjoined from violating, directly or indirectly, Section 10(b) of the Securities  
10 Exchange Act of 1934 (the “Exchange Act”) [15 U.S.C. § 78j(b)] and Rule 10b-5 promulgated  
11 thereunder [17 C.F.R. § 240.10b-5], by using any means or instrumentality of interstate commerce, or  
12 of the mails, or of any facility of any national securities exchange, in connection with the purchase or  
13 sale of any security:

- 14 (a) to employ any device, scheme, or artifice to defraud;
- 15 (b) to make any untrue statement of a material fact or to omit to state a material fact  
16 necessary in order to make the statements made, in the light of the circumstances  
17 under which they were made, not misleading; or
- 18 (c) to engage in any act, practice, or course of business which operates or would  
19 operate as a fraud or deceit upon any person.

20 IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that, as provided in Federal  
21 Rule of Civil Procedure 65(d)(2), the foregoing paragraph also binds the following who receive  
22 actual notice of this Final Judgment by personal service or otherwise: (a) Defendant’s officers,  
23 agents, servants, employees, and attorneys; and (b) other persons in active concert or participation  
24 with Defendant or with anyone described in (a).

25 II.

26 IT IS HEREBY FURTHER ORDERED, ADJUDGED, AND DECREED that Defendant is  
27 permanently restrained and enjoined from violating Section 17(a) of the Securities Act of 1933 (the  
28

1 “Securities Act”) [15 U.S.C. § 77q(a)] in the offer or sale of any security by the use of any means or  
2 instruments of transportation or communication in interstate commerce or by use of the mails,  
3 directly or indirectly:

4 (a) to employ any device, scheme, or artifice to defraud;

5 (b) to obtain money or property by means of any untrue statement of a material fact or  
6 any omission of a material fact necessary in order to make the statements made, in light of  
7 the circumstances under which they were made, not misleading; or

8 (c) to engage in any transaction, practice, or course of business which operates or  
9 would operate as a fraud or deceit upon the purchaser.

10 IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that, as provided in Federal  
11 Rule of Civil Procedure 65(d)(2), the foregoing paragraph also binds the following who receive  
12 actual notice of this Final Judgment by personal service or otherwise: (a) Defendant’s officers,  
13 agents, servants, employees, and attorneys; and (b) other persons in active concert or participation  
14 with Defendant or with anyone described in (a).

15 III.

16 IT IS HEREBY FURTHER ORDERED, ADJUDGED, AND DECREED that Defendant is  
17 permanently restrained and enjoined from violating Section 5 of the Securities Act [15 U.S.C. § 77e]  
18 by, directly or indirectly, in the absence of any applicable exemption:

19 (a) Unless a registration statement is in effect as to a security, making use of any means or  
20 instruments of transportation or communication in interstate commerce or of the mails  
21 to sell such security through the use or medium of any prospectus or otherwise; or

22 (b) Making use of any means or instruments of transportation or communication in  
23 interstate commerce or of the mails to offer to sell or offer to buy through the use or  
24 medium of any prospectus or otherwise any security, unless a registration statement  
25 has been filed with the Commission as to such security, or while the registration  
26 statement is the subject of a refusal order or stop order or (prior to the effective date of  
27  
28

1 the registration statement) any public proceeding or examination under Section 8 of  
2 the Securities Act [15 U.S.C. § 77h].

3 IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that, as provided in Federal  
4 Rule of Civil Procedure 65(d)(2), the foregoing paragraph also binds the following who receive  
5 actual notice of this Final Judgment by personal service or otherwise: (a) Defendant's officers,  
6 agents, servants, employees, and attorneys; and (b) other persons in active concert or participation  
7 with Defendant or with anyone described in (a).

8 IV.

9 IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that Defendant is permanently  
10 restrained and enjoined from, violating Sections 206(1), (2) and (4) of the Investment Advisers Act of  
11 1940, 15 U.S.C. §§ 80b-6(1), (2) & (4), and Rule 206(4)-8 thereunder, 17 C.F.R. 275.206(4)-8, by,  
12 directly or indirectly, by the use of any means or instrumentality of interstate commerce

13 (a) employing any device, scheme, or artifice to defraud any client or prospective client;

14 (b) engaging in any transaction, practice or course of business which operates as a fraud  
15 or deceit upon any client or prospective client;

16 (c) engaging in any act, practice, or course of business which is fraudulent, deceptive, or  
17 manipulative; or

18 (d) while acting as an investment adviser to a pooled investment vehicle:

19 1. making any untrue statement of a material fact or omitting to state a material  
20 fact necessary to make the statements made, in the light of the circumstances under which they were  
21 made, not misleading, to any investor or prospective investor in the pooled investment vehicle; or

22 2. otherwise engaging in any act, practice, or course of business that is fraudulent,  
23 deceptive, or manipulative with respect to any investor or prospective investor in the pooled  
24 investment vehicle.

25 IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that, as provided in Federal  
26 Rule of Civil Procedure 65(d)(2), the foregoing paragraph also binds the following who receive  
27 actual notice of this Final Judgment by personal service or otherwise: (a) Defendant's officers,  
28



1 agents, servants, employees, and attorneys; and (b) other persons in active concert or participation  
2 with Defendant or with anyone described in (a).

3 V.

4 IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that Defendant is permanently  
5 restrained and enjoined from directly or indirectly violating Section 203(f) of the Advisers Act [15  
6 U.S.C. § 80b-3(f)] by, while acting as an investment adviser, permitting any person as to whom an  
7 order issued by the Commission suspending or barring that person from being associated with an  
8 investment adviser to become, or remain, a person associated with it without the consent of the  
9 Commission if Defendant knew, or in the exercise of reasonable care, should have known, of the bar  
10 or suspension order.

11 IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that, as provided in Federal  
12 Rule of Civil Procedure 65(d)(2), the foregoing paragraph also binds the following who receive  
13 actual notice of this Final Judgment by personal service or otherwise: (a) Defendant's officers,  
14 agents, servants, employees, and attorneys; and (b) other persons in active concert or participation  
15 with Defendant or with anyone described in (a).

16 VI.

17 IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that Defendant is permanently  
18 restrained and enjoined from directly or indirectly violating Section 15(a) of the Exchange Act [15  
19 U.S.C. § 78o(a)] by, while acting as a broker or dealer, effecting transactions in and inducing and  
20 attempting to induce the purchase or sale of securities when they are not registered with the  
21 Commission as a broker or dealer or associated with an entity registered with the Commission as a  
22 broker or dealer.

23 IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that, as provided in Federal  
24 Rule of Civil Procedure 65(d)(2), the foregoing paragraph also binds the following who receive  
25 actual notice of this Final Judgment by personal service or otherwise: (a) Defendant's officers,  
26 agents, servants, employees, and attorneys; and (b) other persons in active concert or participation  
27 with Defendant or with anyone described in (a).

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VII.

IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that Defendant is permanently restrained and enjoined from directly or indirectly soliciting any person or entity to purchase or sell any security or security-based swap.

IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that, as provided in Federal Rule of Civil Procedure 65(d)(2), the foregoing paragraph also binds the following who receive actual notice of this Final Judgment by personal service or otherwise: (a) Defendant’s officers, agents, servants, employees, and attorneys; and (b) other persons in active concert or participation with Defendant or with anyone described in (a).

VIII.

IT IS HEREBY FURTHER ORDERED, ADJUDGED, AND DECREED that Defendant is liable for disgorgement of \$44,870,455, representing profits gained as a result of the conduct alleged in the Complaint. This disgorgement obligation shall be joint and several with Defendant SRA Management Associates, LLC, and Relief Defendants SRA I, LLC, SRA II, LLC, SRA III, LLC, Clear Sailing Group IV, LLC, and Clear Sailing Group V, LLC. Defendant shall satisfy this obligation by paying \$44,870,455, within thirty calendar days from the entry of this Final Judgment, by check, United States Postal money order, or electronic payment, to the Receiver, Sherwood Partners, Inc. The Receiver shall hold the disgorgement amounts in a separately identified account, pending further orders by the Court.

Defendant shall simultaneously transmit photocopies of evidence of payment and case identifying information to the Commission’s counsel in this action. By making this payment, Defendant relinquishes all legal and equitable right, title, and interest in such funds and no part of the funds shall be returned to Defendant.

The Commission may enforce the Court’s judgment for disgorgement and prejudgment interest by moving for civil contempt (and/or through other collection procedures authorized by law)

1 at any time after thirty days following entry of this Final Judgment. Defendant shall pay post  
2 judgment interest on any delinquent amounts pursuant to 28 U.S.C. § 1961.

3 IX.

4 IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that the Consent is  
5 incorporated herein with the same force and effect as if fully set forth herein, and that Defendant shall  
6 comply with all of the undertakings and agreements set forth therein.

7 X.

8 IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that this Court shall retain  
9 jurisdiction of this matter for the purposes of enforcing the terms of this Final Judgment.

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11 IT IS SO ORDERED

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13 Dated: \_\_\_\_\_, 2017

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JUDGE EDWARD M. CHEN  
United States District Court

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